

CHAPTER 10

ECONOMIC DEVELOPMENT PROPERTY TAX EXEMPTION

10.01 Purpose
10.02 Definitions
10.03 Eligibility

10.04 When Effective
10.05 Application

10.01 PURPOSE. The purpose of this chapter is to provide for a property tax exemption for shell buildings constructed by community development organizations, not-for-profit cooperative associations under Chapter 499 of the *Code of Iowa*, or for-profit entities for speculative purposes in accordance with Section 427.1 of the *Code of Iowa*.

10.02 DEFINITIONS. For use in this chapter the following terms are defined:

1. "Community development organization" means a City organization or a multi-community group formed for one or more of the following purposes:
 - A. To promote, stimulate, develop, and advance the business prosperity and economic welfare of the community, area, or region and its citizens.
 - B. To encourage and assist the location of new business and industry.
 - C. To rehabilitate and assist existing business and industry.
 - D. To stimulate and assist in the expansion of business activity.

For purposes of this definition, a community development organization must have at least fifteen (15) members with representation from the government at the level or levels corresponding to the community development organization's area of operation; a private sector lending institution; a community organization in the area; business in the area; and private citizens in the community, area, or region.

2. "New construction" means new buildings or structures and includes new buildings or structures which are constructed as additions to existing buildings or structures. "New construction" also includes reconstruction or renovation of an existing building or structure which constitutes complete replacement of an existing building or structure or refitting of an existing building or structure, if the reconstruction or renovation of the existing building or structure is required due to economic obsolescence, if the reconstruction or renovation is necessary to implement recognized industry standards for the manufacturing or processing of products, and the reconstruction or renovation is required in order to competitively manufacture or process products or for community development organizations, not-for-profit cooperative associations under Chapter 499 of the *Code of Iowa*, or for-profit entities to market a building or structure as a speculative shell building, which determination must receive prior approval from the Council.

3. "Speculative shell building" means a building or structure owned and constructed or reconstructed by a community development organization, a not-for-profit cooperative association under Chapter 499 of the *Code of Iowa*, or a for-profit entity without a tenant or buyer for the purpose of attracting an employer or user

which will complete the building to the employer's or user's specification for manufacturing, processing, or warehousing the employer's or user's product line.

10.03 ELIGIBILITY. The new construction of shell buildings by the community development organization, not-for-profit cooperative association under Chapter 499 of the *Code of Iowa*, or for-profit entity for speculative purposes is eligible for property tax exemption. The exemption shall be for one of the following:

1. The value added by new construction of a shell building or addition to an existing building or structure.
2. The value of an existing building being reconstructed or renovated, and the value of the land on which the building is located, if the reconstruction or renovation constitutes complete replacement or refitting of the existing building or structure.

10.04 WHEN EFFECTIVE.

1. If the exemption is for a project described in subsection 1 of Section 10.03, the exemption shall be effective for the assessment year in which the building is first assessed for property taxation or the assessment year in which the addition to an existing building first adds value. If the exemption is for a project described in subsection 2 of Section 10.03, the exemption shall be effective for the assessment year following the assessment year in which the project commences. An exemption allowed under this section shall be allowed for all subsequent years until the property is leased or sold or until the exemption is terminated by ordinance of the City Council. The exemption shall continue until the property is leased or sold, or until the exemption is terminated by ordinance of the Council.

2. Eligibility for an exemption as a speculative shell building shall be determined as of January 1 of the assessment year. However, an exemption shall not be granted for a speculative shell building of a not-for-profit cooperative association under Chapter 499 of the *Code of Iowa* or a for-profit entity if the building is used by the cooperative association or for-profit entity or a subsidiary or majority owners thereof for other than as a speculative shell building. If the shell building or any portion of the shell building is leased or sold, the portion of the shell building which is leased or sold, and a proportionate share of the land on which it is located if applicable, shall not be entitled to an exemption under this section for subsequent years. Upon the sale of the shell building, the shell building shall be considered new construction for purposes of Section 427B.1 of the *Code of Iowa* if used for purposes set forth in Section 427B.1.

10.05 APPLICATION.

1. If the speculative shell building project is a project described in subsection 1 of Section 10.03, an application shall be filed pursuant to Section 427B.4 of the *Code of Iowa*.

2. If the speculative shell building project is a project described in subsection 2 of Section 10.03, an application shall be filed pursuant to Section 427.1(27) of the *Code of Iowa*.

[The next page is 55]